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# COMMERCE

JANUARY 1958

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For Home Furnishings — A Sales Push — See Page 5

What's the Economic Outlook for 1958?

A Blueprint for Long-range Planning



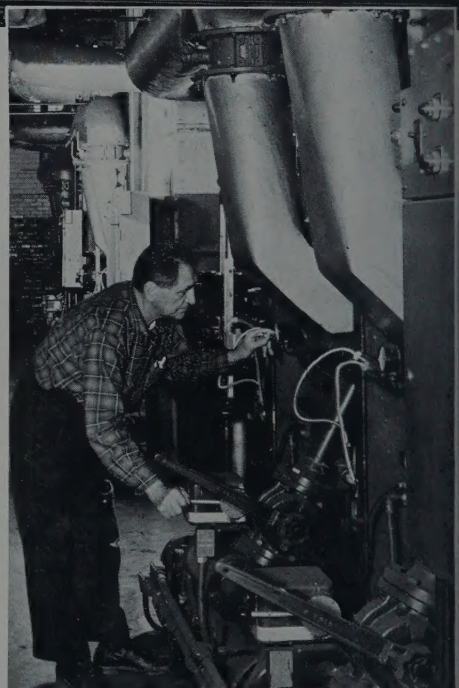
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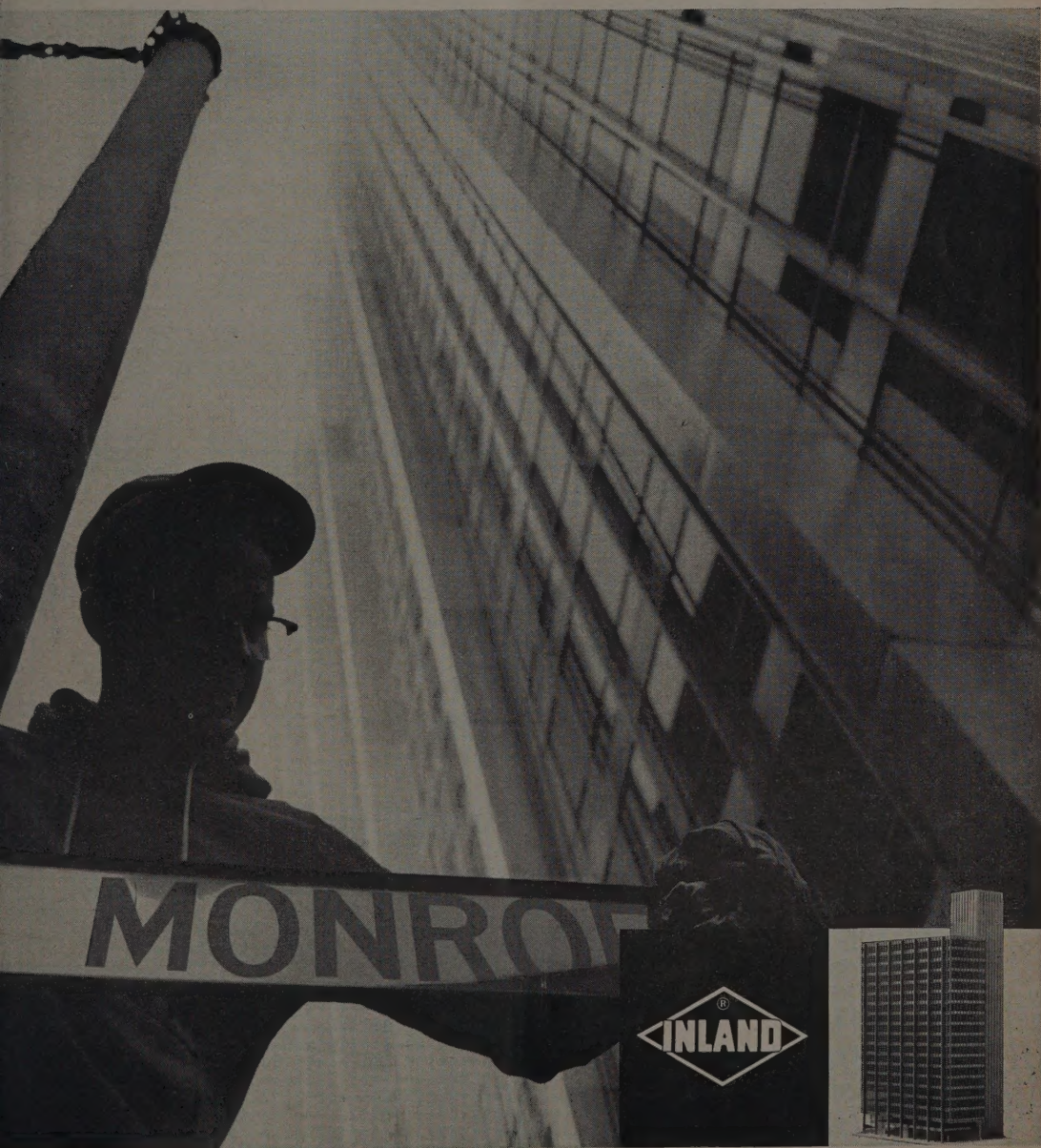
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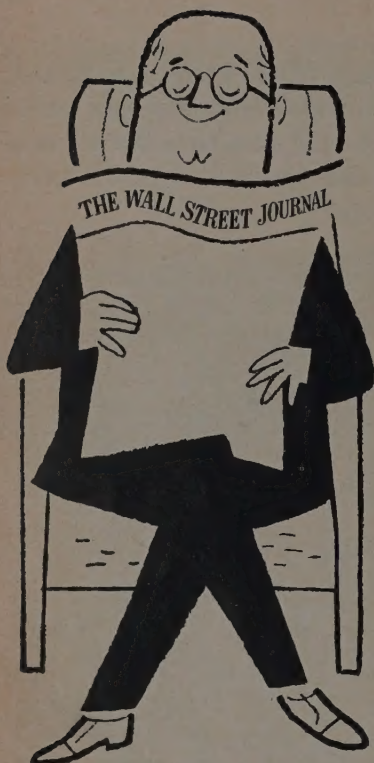
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	November, 1957	October, 1957	November,
Building permits, Chicago	1,866	2,475	
Cost	\$14,925,238	\$20,239,442	\$22,87
Contracts awarded on building projects, Cook Co., cost		\$61,216,000	\$77,92
(F. W. Dodge Corp.)			
Real estate transfers, Cook Co.	6,135	6,258	
Consideration	\$4,252,707	\$4,771,712	\$5,60
Bank clearings, Chicago	\$4,624,814,915	\$5,176,873,036	\$4,875,54
Bank debits to individual accounts:			
7th Federal Reserve District	\$27,389,000,000	\$29,611,000,000	\$27,943,00
Chicago only	\$13,803,550,000	\$15,166,496,000	\$14,004,01
(Federal Reserve Board)			
Bank loans (outstanding) Chicago weekly reporting banks	\$4,138,000,000	\$4,253,000,000	\$3,943,00
Midwest Stock Exchange transactions:			
Number of shares traded	2,200,810	2,612,061	1,73
Market value of shares traded	\$65,319,453	\$78,518,313	\$72,77
Railway express shipments, Chicago area	908,324	925,305	1,11
Air express shipments, Chicago area	66,508	77,752	7
L.C.L. merchandise cars, Chicago area	12,369	15,398	1
Electric power production, kwh,			
Comm. Ed. Co.	1,564,037,000	1,744,524,000	1,677,32
Industrial gas sales, therms, Chicago	14,729,035	15,749,042	16,21
Steel production (net tons), metropolitan area	1,544,000	1,710,000	1,90
Revenue passengers carried by Chicago Transit Authority lines:			
Surface division	36,182,089	39,001,591	42,12
Rapid transit division	9,142,030	9,528,512	9,86
Postal receipts, Chicago*	\$13,514,052	\$13,188,110	\$15,12
Air passengers, scheduled, Midway and O'Hare airports:			
Arrivals	380,593	457,860	35
Departures	398,236	465,468	36
Consumers' Price Index (1947-49 = 100), Chicago	125.6	124.7	
Receipts of salable livestock, Chicago	417,543	464,000	47
Unemployment compensation claimants, Cook & Dupage counties	36,422	28,521	2
Families on relief rolls:			
Cook County	22,396	21,627	2
Other Illinois counties	13,436	12,432	1

\* Postal department now reports in four-week rather than monthly periods. Comparable figure for 1956 is not available.

## February, 1958, Tax Calendar

Date Due	Tax	Returnable to
15	Illinois Retailers' Occupation Tax and MROT return and payment for month of January	Ill. Dept. of Revenue
17	If total Income and Social Security taxes (FICA) withheld from employee, plus employer's contribution in January exceeds \$100, pay amount to	Authorized Depository
17	Last day for filing farmers' 1957 calendar-year return instead of filing estimate on January 15	District Dir. of Int. Rev.
28	Annual federal information returns; a calendar year 1957 report — not fiscal. Information returns of dividends (in excess of \$10), salaries from which tax has been withheld and other payments of \$600 or more; corporate distributions during 1957 claimed to be non-taxable and information on distributions in liquidations of \$600 or more (Forms 1096 and 1099). Form 1099 not required on wages reported on Form W-2.	Director, Midwest Ice Center, 140 95th St., Kansas Mo.
28	Last day for filing Annual Franchise Tax report without penalty by domestic and foreign corporations. Based on calendar year 1957 or on end of fiscal year preceding Dec. 31, 1957.	Secretary of State



Rendering of New Plant now under Construction for Teleweld, Inc.

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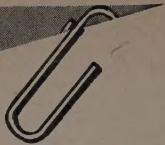
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# COMMERCE

## Magazine

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**January, 1958**

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**Number 12**

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**Sturdy, Editor**

**Tom Callahan, Associate Editor**

**Gordon Rice, Advertising Manager**

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### Our Cover

For the first time in its history, the Merchandise Mart will throw open its doors to the public for a ten-day "Home Furnishings Show" and at the same time it hopes to "provide a springboard for a renewed and revitalized selling push" for the home furnishings industry. Previewing, on our cover, one of the exhibits that will be open to the public for the first time is Princess Mary Hartline, ABC television star of "Princess Mary's Castle." Conducting her on the tour of the Youngstown kitchen exhibit is W. O. Ollman, General Manager of the Merchandise Mart, who describes the ten-day show as the "greatest merchandising program ever attempted in Chicago."

It will start on January 17 and run through January 26. The doors will be open from noon until 11 p.m. Admission for adults will be 90 cents, with children under 12 admitted free.

One of the highlights of the show, aimed at sparking public interest, will be a six-room tri-level house which will be built on the Merchandise Mart Plaza by I. W. Besinger, developer and builder of Meadowdale. It will be completely furnished as an "Idea House" by the Illinois Chapter of the American Institute of Decorators with electrical heating supplied by Commonwealth Edison Company. The house will be given away, complete with a lot in suburban Meadowdale, during the show. In addition daily prizes of washers, dryers, refrigerators, furniture, TV sets, carpeting, and dozens of other awards covering every phase of the home furnishing industry will be given to the attending public. Each entrant to the show will be given a key. The keys that open certain prize winning locks, including the one on the house, will qualify the individual possessing the key to the award for the lock opened.

Four floors of displays of the Mart will be open to the public. The promotion will also offer special films and features on the application of home furnishings to modern living. Free literature pertaining to home furnishings and their place and importance in modern living will be available. No retail selling will be permitted. The Mart hopes to interest those attending into buying, but at their local dealers.





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## INVENTORY SHORTAGES...



Frequently, unknown to employees, Kane investigators work side-by-side with them to uncover the source of material and merchandise shortages.



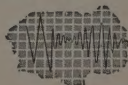
## BEHAVIOR PROBLEMS...

The facts concerning excessive drinking or similar behavior problems by employees in positions of trust can be quickly ascertained by Kane Service investigators.



## EMBEZZLEMENTS...

Specialists in undercover assignments, Kane Service investigators have many successful case histories in solving money thefts.



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# The Editor's Page

## **Job For Congress**

arrogant International Brotherhood of Teamsters finally has run afoul of the government in the use of one of its most powerful and vicious clubs, the "hot cargo" clause. Under this clause, which is incorporated in most teamsters' contracts, trucking employers refuse to handle any shipment blacklisted by the union as "hot."

The first blow at this weapon, which has frequently been used for secondary boycotts, was struck by the National Labor Relations Board. In a 3-2 decision, the NLRB ruled that "hot cargo" clauses constitute prima facie evidence of union inducement or enticement of secondary boycott activity. In this decision, the board reversed a 1949 decision in which it upheld the use of the "hot cargo" clause.

In the heels of the NLRB ruling, the Interstate Commerce Commission ruled "a common carrier may not bargain away its statutory obligations to the public," thus serving notice on trucking companies to accept the "hot cargo" clause in their contracts or they may lose their license to operate as common carriers.

These two rulings are the first sign of relief from the labor weapon that never should have been permitted in the first place. The issue is not finally resolved, however. Several cases involving it are still pending before the Supreme Court. The absolute way to kill the "hot cargo" clause is by legislation. Secretary of Labor Roy Mitchell has said that the administration intends to ask Congress to so legislate. Action cannot come too soon.

## **Make Haste Slowly**

The proposed Congressional bill (HR9467), which has the strong backing of the AFL-CIO, calls for the extension of the Social Security Act into the medical and hospital care field. Specifically, it would have the federal government, through the social security system, pay the cost of hospital, nursing home and surgical care for persons eligible for old-age and survivors insurance benefits.

This proposal, it should be emphasized, is essentially the same, in principle, as the recurrent bills calling for federal compulsory health insurance. The only difference is that initially, it would apply to only part of the population instead of all of it. Its enactment would permit the government to withdraw Social

Security taxes on a compulsory basis from almost the entire working population and use those taxes for services rendered to a particular group. This group, at the present time, is estimated at between 12 and 13 million people.

It is hard to see how, if this precedent were once established, the government could refrain from eventually extending the terms of the act until the goal of compulsory health insurance was wholly or very largely reached. The next step, logically, would be socialized medicine — which, as poll after poll has shown, the American people definitely do not want.

Meanwhile, the American Medical Association has created a special task force to conduct an extensive research study of the health status of the population over the age of 65. The purpose is to obtain authoritative answers to the relevant questions—the economic resources of the people affected, the extent that public assistance now meets the need, the capabilities of voluntary insurers, and so on. The facts will be of the utmost importance.

Pending results of the study, we would be well advised to follow the old adage and make haste slowly.

## **Keep REA Rural**

Back in the 1930's in the early days of the New Deal the Rural Electrification Administration was formed to bring electricity to rural and remote customers. With more than 95 per cent of American homes electrified, the REA's job is essentially done.

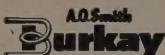
One might think under such circumstances that the agency would be winding up its affairs. This, however, is not the way of federal bureaucracy. Instead the REA is attempting to change its field of operation. Recently Hoosier Energy Cooperative Inc. made an application for a loan in excess of \$40 million at REA's bargain two per cent interest rate. The cooperative wants the loan to build a steam electric generating plant to supply power to a proposed aluminum reduction plant as well as to supply cooperative power distributors.

Obviously this would be another extension of federal intervention and subsidy in the electric power generating industry. It should be blocked, if necessary, by Presidential intercession in REA.

*Alan Sturdy*



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## Here...There... and Everywhere

• **Owners of AT&T** — Stockholders of American Telephone & Telegraph Company now have reached the extraordinary total of 1,600,000 people according to John J. Scanlon. The company's dividend checks go to around 22,000 communities throughout the nation and in 120 foreign lands — and all the checks are payable on the same day. The telephone company executive reports that the firm's list of stockholders includes 14,520 Smiths, 6,600 Browns, and 4,950 Joneses.

• **Automatic Sentry** — Electronic Secretary Industries, Inc. of Waukegan, Wisconsin, has introduced a new unit capable of electronically and automatically detecting a wide variety of abnormal conditions such as fire, changes in pressure, or theft. When an alert condition occurs, the "Electronic Sentry" will: 1) connect itself across the telephone line; 2) dial a predetermined number electronically; and 3) by means of a pre-recorded message, inform the person who answers of the nature of the trouble.

• **Big Gains for Semiconductors** — Industry sales of semiconductors in 1957 will exceed \$125 million as compared with forecasts of \$100 million made last fall according to Joseph S. O'Flaherty, manager of Hughes Aircraft Company's semiconductor division. He said his own company's semiconductor sales, probably the nation's largest, would be in excess of \$20 million this year and are expected to pass \$35 million in 1958 with the industry as a whole reaching \$200 million in 1958. The industry's sales for 1956 were \$70. He predicts an industry volume in excess of \$450 million by 1961.

• **Second Financial System Grows** — Growth of federal loan, loan insurance and guarantee programs in the past 35 years has been so great that they now constitute a second financial system, partly competing with and partly complementing the private financial system. In the first four years of the 1950's, federal lending and loan underwriting averaged

about \$13 billion a year — over times the average for 1935-39. Outstanding amounts of past current federal loans and guarantees averaged about \$36 billion in early fifties. These are among facts made public for the first time in "Federal Lending: Its Growth Impact", a report published by National Bureau of Economic research.

• **Pensioners on the Rise** — Age, Survivors and Disability Insurance payments are now being received by more than half of all the 15 million people 65 years over in the United States, according to the National Industrial Conference Board. The Board notes by comparison, in 1948 only one out of eight people in this bracket were receiving these benefits.

• **Mortgage Investment Decline** — For the first time in five years, there was a decrease in the amount of insurance dollars newly invested in the mortgage market in 1957. Contrasted with a 1956 peak year of \$6.7 billion in new mortgage loans to property owners, the aggregate acquisition for 1957 amounted to an estimated \$5.2 billion, off about one-fifth from the previous year, according to the Institute of Life Insurance. A cutback in the number of new homes built and a decline in the refinancing of properties were factors in the decline of new investments in the mortgage field.

• **Aluminum Boom Predicted** — Spurred by a sharp increase in the use of aluminum in automobiles, the annual consumption of aluminum in the United States will rise from the present two million tons to ten million tons by 1975, predicts Richard S. Reynolds Jr., president of Reynolds Metals Company.

• **Traffic Toll Brings Record Claims** — The mounting traffic toll is certain to bring a record number of life insurance death claims this year with a record amount paid out for this cause. In the first nine months

(Continued on page 31)

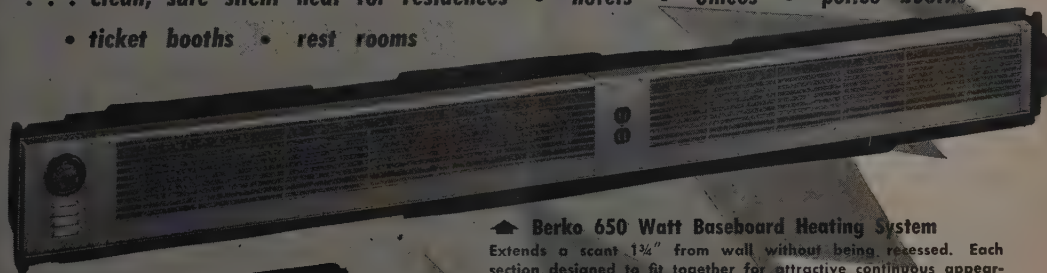




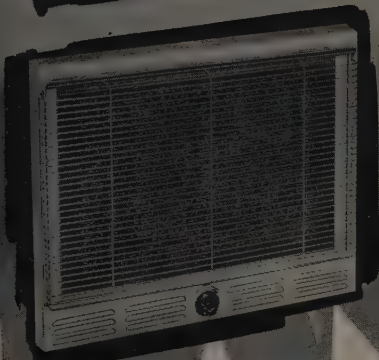
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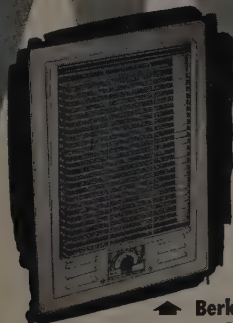
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## Trends... in Finance and Business

• **Union Income from Dues** — Income from dues among labor unions with headquarters in the United States amounts to an estimated \$620 million a year, according to the National Industrial Conference Board's second survey of union revenue and membership. The 1957 figure is approximately \$162 million higher than the annual dues rate of 1955, when the first study on union dues revenue was made. Of the 191 unions surveyed this year, 45 indicated that they have raised their dues since 1955. The NICB also finds that national and international unions, which gain their revenue by per-capita taxes on members in their local unions, have had a \$25 million boost in their income during the two-year period.

The declared membership of the 191 unions surveyed this year totals approximately 18,350,000. Of this total, approximately 17 million members are claimed by unions that were affiliated with the AFL-CIO prior to its December convention, and approximately 1.3 million members are claimed by independent unions. The 1957 total membership compares with a declared membership of approximately 17.5 million for substantially the same unions covered in the study made in 1955, before the AFL-CIO merger.

Of the 18.4 million members listed this year, approximately 17.4 million are in the United States, constituting about 98 per cent of the country's total national and international union membership. Close to one million members of unions with headquarters in the United States are in Canada, where they comprise about 75 per cent of that country's total union membership.

The estimated \$620-million-a-year union revenue may be a minimal

figure. No exact answer can be given to how much dues money unions collect from their members because the constitutions of many international unions allow the locals considerable latitude in determining their dues rates. About the only unions that do have exact figures are those in which the international collects the dues and then refunds the local unions' share. The United Mine Workers and the United Steelworkers are examples of such unions.

• **Pay for Executives Rising** — American and Canadian companies increased the compensation paid to their top executives by an average of 5.1 per cent last year, according to the eighth annual survey of management compensation of the American Management Association. This compares with a 5.9 per cent increase in top management pay recorded for the previous year. These are over-all averages and do not reflect the variations in individual companies and industries that result from a variety of forces.

The new study, the most comprehensive top management survey ever conducted, analyzes the total compensation paid to some 35,000 high-ranking executives in more than 3,800 companies of all sizes and types in the United States and Canada. The time period covered was essentially the calendar year of 1956, with fiscal years that closed as late as January 1957, were included.

Economic conditions have a strong influence on top executive compensation, but the correlation is only partial. Last year the companies surveyed increased their sales by 10 per cent, on the average; showed a 5 per cent gain in net profits; and paid their top managements 5.1

(Continued on page 39)

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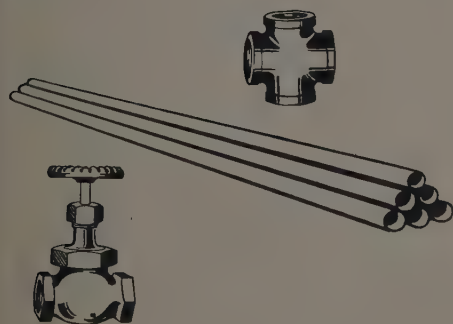
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Centex Construction Co., Inc. Ph

The Construction outlook: " . . . 1958 looks to be very close to 1957. Physical volume is likely to be just a bit lower, but the dollar volume will be the same, or a shade higher because of rising costs," says Mr. Hoadley. He forecasts one million housing starts in 1958. Above: work continues on the Elk Grove Village project 20 miles northwest of Chicago. When completed, it will contain 6,000 single family homes



# What's the Economic Outlook for 1958?

*By a Forum of Economists*

## FORUM MEMBERS

**John S. Sinclair**, Conference Board President, was chairman of the Forum meeting. Participants were:

**John D. Wilson**, Vice-President, Chase Manhattan Bank.

**Bradford B. Smith**, Economist, United States Steel Corporation.

**Walter E. Hoadley, Jr.**, Treasurer, Armstrong Cork Company.

**Louis J. Paradiso**, Assistant Director-Chief Statistician, Office of Business Economics, U. S. Department of Commerce.

**Solomon Fabricant**, Director of Research, National Bureau of Economic Research; Professor of Economics, New York University.

**George P. Hitchings**, Manager, Economic Analysis Department, Ford Motor Company.

**Ira T. Ellis**, Economist, E. I. du Pont de Nemours & Co.

**Nathan M. Koffsky**, Chief, Farm Income Branch, Agricultural Marketing Service, U. S. Department of Agriculture.

**O. Glenn Saxon**, Professor of Economics, Yale University.

**Norris O. Johnson**, Vice-President, The First National City Bank of New York.

**Helen Slade**, Managing Editor, The Analysts Journal.

**Jules Backman**, Professor of Economics, New York University.

**Martin R. Gainsbrugh**, Chief Economist, National Industrial Conference Board.

BUSINESS investment in the United States will decline in 1958 but will be partly offset by expansion in other sectors according to 13 distinguished economists participating in the National Industrial Conference Board's economic forum. The business investment section was designated the major problem area of 1958. The Forum members expect a significant decline in business expenditures for plant and equipment, and some decline in inventory investment in the first half of the year. Moderate gains in dollar volume were anticipated for consumer spending and purchases by government.

The panel consensus was that, in dollar terms, 1958 will be a year that compares favorably with the recent economy. Gross National Product, which is at an annual rate of approximately \$440 billion at the end of 1957, is expected to drop to \$388 billion during the first half of 1958, then climb to \$441 billion for the second half of the year. While wholesale prices are expected to decline during the year, a slight rise is foreseen for the consumer price index.

Unemployment, which was about

three million in the fourth quarter of 1957, is forecast by Forum participants to rise to an average of 3.6 million in the first six months of next year, then decline slightly to an average 3.4 million during the balance of 1958. This, the panel members believe, will mean a year in which the number at work will stand close to full employment, as distinct from the hyper-full employment of recent years.

The following are highlights of the remarks by participants:

### Mr. Wilson on "The General Outlook":

The picture at the moment is of an economy that may be at a broad turning point. It seems to me there are three critical questions: How great will be the decline in capital expenditures; what course will be taken by government expenditures; and how will the consumer react once he sees unemployment increasing?

... I assume that capital expenditures will decline by \$5 billion (annual rate) from the fourth quarter of 1957 to the fourth quarter of 1958. ... The decline in defense expenditures will not be as great as

initially expected. I do not think we will get down to \$38 billion this year. For fiscal 1959, I see an overall federal budget that might be up \$2 billion from the current level. At the same time, state and local government expenditures will be increasing, by perhaps \$2 or \$3 billion. ... That brings us to the consumer. Automobile sales next year will be slightly less than this year. In the housing field we shall not witness a large increase in starts.

... We are likely to see GNP in the first half of next year decline by several billions. This reduction would be accompanied by some decrease in the index of industrial production.

### Mr. Smith on "Steel":

During this coming year we may have two, three or four million tons of further steel inventory liquidation. I think we will be entering the new year with steel production at an annual rate of around 100 million tons; that is about as good a figure as any to take for the production rate next year.

... There are many signs around that a termination of an historic boom is occurring. Consumer credit



has been expanding at a rate greater than income; manufacturing inventories have been rising; the splurge of capital expenditures is coming to a close; machine tool builders' new orders are at one-half the rate of a year ago; heavy construction awards are down 30 per cent.

#### Mr. Hoadley on "Construction":

As far as total construction is concerned, 1958 looks to be very close to 1957. Physical volume is likely to be just a bit lower, but the dollar volume will be the same, or a shade higher because of rising costs. My forecast for housing is one million starts for 1958. The outlook for the residential "fix-up" market is for at least another five per cent advance. Commercial construction has leveled off; industrial construction is already heading down, and a further decline of at least five per cent is in prospect next year. Public construction will rise materially. Educational building looks as though it will be strong for some time to come. We can look for a substantial increase in highway construction.

... Money will be somewhat easier in the mortgage field in 1958 than during the past year. I do not anticipate sharply lower interest rates, but more money will be available for construction.

... A serious roadblock to construction activity is rising costs in the building industry. Many people are definitely being priced out of the residential building market.

#### Mr. Paradiso on "Inventory and Government Spending":

Finished goods inventories have been increasing in the first three quarters of 1957 and the proportion of finished goods inventories to total inventories is much higher than last year. This indicates to me that there has been some involuntary accumulation. But inventories generally are not high in relation to production and sales. With business continuing on a plateau, or even showing signs of turning downward, some inventory liquidation may develop, but it will be of a very modest nature. The extent of the inventory change will be a direct function of the course of business.

... Federal government purchases of goods and services next year will be at least equal to the amount for this year. State and local government

expenditures are going to increase, probably to the extent of \$2.5 billion to \$3 billion.

#### Mr. Fabricant on "The Stage of the Business Cycle":

We seem to be undergoing a turn in general business, but I do not think that the recession which may be in progress now will turn into a serious contraction. The Federal Reserve has already taken action to ease the monetary situation. The government's expenditures may rise more than might have been anticipated a few weeks ago. There may be a speed-up in the giving out of orders for government procurement. If the situation continues to deteriorate despite these actions, I think we might well have a tax cut. I think it important that the government's action not be too hasty. The several steps that might be taken if things continue to soften up could restore the threat of inflation.

#### Mr. Hitchings on "Consumer Durables":

The underlying demand for new cars could support a moderate rise in the consumer buying rate for 1958. It is highly unlikely that a surge of demand will occur to pull up the economy as a whole as it did in 1954 and 1955. A factor making for a higher new car market in 1958 is that there are 900,000 to one million more new-car contracts scheduled to mature in 1958 than in 1957. I think the potential market is above 5.8 million, but the actual market will depend upon consumer buying power and confidence. I am not optimistic about any improvement in these factors in 1958.

... Business spending for new plant, equipment and inventory reached peak rates in 1957 that could not be fully sustained in 1958. The problem in 1958 is to keep adjustment in these areas from developing into an unnecessary spiral. Maintenance of consumer and business confidence is essential in preventing such a spiral.

#### Mr. Ellis on "Soft Goods and Retail Trade":

There will be some increase in personal spending for soft goods and services in 1958, and a further small increase in total retail sales. Consumer prices next year will be about

one per cent above the 1957 average. I am assuming that general business activity will not be declining sharply in the second half of 1958.

... There will be a small increase in output of textile mill products in 1958. The improvement will be both natural and man-made fibers. Textiles have been making adjustments in production for two years; they do not now seem vulnerable to further decline. Demand for petroleum products next year will be about two per cent, in physical terms.

#### Mr. Koffsky on "Agriculture":

Agricultural production next year can equal or exceed this year's level if weather continues favorable. The prospects for further reduction in farm stocks are not very promising. For next year, farm prices will average about the same as this year. Production expenses, however, should increase further. This means about the same aggregate net farm income next year as this year. But it also means higher income per farm and per person, because the number of farms and the number of people on farms are still declining. A slight increase in retail food prices seems likely. I do not look for any significant improvement in farm machinery sales next year.

#### Mr. Saxon on "Foreign Trade":

Exports in 1958 will hold at the present level. Exports are up to the present peak of \$21 billion; they may go to a new all-time high. I expect lower prices for imported raw materials, but a larger volume of imports: I would expect a slight decline in the dollar amount of imports, to \$12 billion. That would mean a continuing rise in the plus of exports over imports; we will have a new peacetime peak in the export trade balance. This increasingly large dollar export surplus will raise a new demand for further reduction in tariffs next year. ... I don't see a recession anywhere of the order that some of us expected in this country during 1958.

#### Mr. Johnson on "Money and Credit":

It should be easier for business and for the mortgage market to raise money next year. The discount rate action will have psychological

(Continued on page 24)



# America's Fastest Growing Crime

It's passing bad checks; this type of fraud costs American public more than \$400,000,000 each year

**By RAYMOND SCHUESSLER**

CHECK fraud is the fastest growing crime in the country. Latest estimates indicate that check artists take the American public for more than \$400,000,000 a year, a sum greater than the annual loss through fire. One group of check artists which formerly turned back three to five worthless checks a day is now turning back around 80 a day.

The growth of check forgers has kept pace with the phenomenal growth in the use of checks throughout the United States. More than 1,000,000 checks are cashed by Americans every banking day of the year. More than \$150 is handled in checks for every dollar in cash. Checking accounts for the man in the street have become commonplace since World War II, but today the number of checks written and cashed is four times the 1939 total.

## Six Principal Types

It is a mistake—and it can be a costly one—to assume that one has to be “big business” to become a target for check swindlers. A high proportion of check frauds are perpetrated on comparatively small accounts. People of modest means are likely to be victimized as the wealthy, partly because checks for small amounts seem to warrant less scrutiny than those for large sums. There are six principal types of check fraud: altering the payee name; raising the amount; altering the date; counterfeiting existing checks; concocting fictitious checks; and forging signatures, either of the drawer or endorser.

Check raising is, for the victim, one of the most dangerous forms of check fraud. The check itself and the signature (which most often comes from the closest scrutiny when the check is cashed) are both genuine.

Furthermore, the problem of proving that the check was raised rests with the person who drew the check.

There is a classic example of a contractor, whose check was raised from \$27 to \$27,000, who himself was suspected of the crime. It took him many years to prove his innocence, by which time both his health and his business were ruined. He became so distressed, that in the final act of the tragedy, he shot and killed his wife, his young son, and himself.

Many check raisers obtain the raw material of their craft by stealing checks from the mailbox. Check crooks not only steal checks but bank statements and cancelled checks so that they can learn how a bank account stands and how one draws his checks and signs his name.

Only recently, a maid in St. Louis stole blank checks from her employers, forged their signatures, and used stolen charge account cards as identification in cashing the checks. Her employers were “too busy” to check their bank statements and were \$3,000 poorer before the forger was unmasked.

## Alter the Names

Altering the payee name was a ruse often used by one Jacob Sackstein. Though so crippled by arthritis that he could barely write, he succeeded in clipping banks for close to \$25,000. He would grab letters from the piles stacked on mail boxes in the lobbies of busy office buildings during the late afternoon rush and alter the names on checks secured in this way. Morgan Barber Co., for instance, became Morgan Barberes Cole. Theo. Browne Pharmacy

became Theo. Browne Bhas-mago. Some of the names he chose right out of Dickens and W. C. Fields—Appleton R. Coxbetner (nee Apple and Company) for example.

The Sackstein case also demonstrates the necessity of demanding adequate identification before cashing checks for strangers. Sackstein took out fishing licenses in the name of the payee of his stolen checks and used these for identification. He even succeeded in pulling this stunt three times in the same bank on the same day, using three different licenses!

## Date Alterations

Date alterations have been used to cash “stopped” checks. One check originally drawn in 1946 and on which payment was stopped, was successfully cashed in 1949 after alteration of a single figure.

Counterfeiting calls for the skillful production of reasonably exact replica of actual checks. It is one of the few types of check fraud calling for more than a minimum of equipment. We have gone far in eliminating this practice, but so-called “safety” papers can be purchased on the open market to match actual checks and the counterfeiter then prints, or draws by hand, phonies which are often so perfect as to be indistinguishable from the originals.

Some counterfeiterers create original checks of their own. They may use the name of a legitimate bank or business firm though the checks may bear no resemblance to the real checks of those concerns. Sometimes, however, the whole thing may be completely fictitious. Checks have

(Continued on page 25)



# The Inverse Economics of Farming

By **WILLIAM GOETTLER**

Three farms, part of a fourth comprise this Illinois farm today. Land increase since 1955: 51 per cent.

*Harvester World, International Harvester Company Photo*





*Harvester World, International Harvester Company Photos*

Sign of a growing farm: a fence on the move

EFFORTS of the farmer to outmaneuver the cost-price squeeze resulted in a lusty eight per cent increase in the market value of agricultural land during the 12-month period ending July 1, 1957. The less money a farmer earned on land, the more he paid for it, but that is more consistent than may seem at first.

Farmers are expanding their operations to compensate for lower profit per unit of production. Various governmental programs having failed to provide them with a satisfactory income, they are taking on their own initiative what appears to be at least one of the necessary steps toward an eventual answer to the disparity of farm returns in agriculture compared to those in industry.

Land price increases were recorded in every state. These ranged from one per cent in New Mexico to 17 per cent in Florida. In the Corn Belt advances varied from six per cent in Iowa to 10 in Kentucky. Illinois had a nine per cent increase.

The U. S. Department of Agriculture index of land prices, using the 1917-19 base of 100, has reached 151. This exceeds the previous peak set in 1920 by 46 per cent.

Furthermore, the price of average farms in all regions is expected to increase," declares the U.S.D.A. Agricultural Research Service (in a recently issued report from which these figures are obtained).

This prediction is corroborated, at least for the Corn Belt, by a survey of country bankers in the Seventh

*(Continued on page 27)*



Above: With this McCormick six-row planter, a farmer can plant upwards of 100 acres a day, more than three times as much as he can cover with two-row equipment



light: . . . in the case of a typical 18-cow dairy farm, the per hour wage in 1955-56, after interest charges on investment, deducted to 37 cents

*Commonwealth Edison Company Photo*





Examining the historic atomic age "birth certificate" are Dr. Norman Hilberry, director of Argonne National Laboratory (seated) and Dean E. Dalquest, superintendent of Argonne's Graphic Arts Division. The "certificate" is a galvanometer chart showing the startup of the first self-sustaining nuclear chain reaction on December 2, 1942, at Stagg Field, Chicago. The special mounting work was done by craftsmen at R. R. Donnelley and Sons

## Business Highlights



Left: The new consolidated freight house of the Wabash Railroad Company. When the Wabash freight house at Roosevelt Road in Chicago burned down two years ago, the company decided to replace it with these modern facilities. Until the fire, the road's Chicago operations had been divided among freight yards at 47th Street and 79th Street, a freight house at Roosevelt Road, and a piggy-back arrangement at the Canal Street team track



Called the Wabash Landers Freight Center, the new operation is located at 79th Street near Kedzie. It is a 100 acre area and has 39 tracks, ranging in length up to 6,670 feet. It has a static capacity of 2,300 cars and a fluid capacity of more than 5,000. One main line passenger track skirts the yard. The new freight house, located at the central west portion of the area, contains many devices for speeding the handling of freight. It is 99 feet long and 158 feet wide. There are three tracks within the house, running full-length and two additional tracks outside. The entire project cost more than \$4 million and also houses supervising officials who were formerly located at Dearborn Station



Robert H. Wilson (left), president of Chicago Building Congress, presenting Award of Honor to Raymond J. Spaeth (right), chairman of South Side Planning Board, and Morris Hirsh, executive director, of the SSPB's role in transforming over 800 acres of slum and blight into a growing new community on Chicago's central South Side



U. S. Steel has developed a new rolling process that enables it to produce the world's widest thin-gage stainless steel sheets. Above: the new sheet 90 inches wide and 230 inches long compared with the old 48 inch wide sheets



Donald Gordon, C.M.G. (right), chairman of the Canadian National Railways, wears the Scottish Balmoral bearing the Gordon clan crest which was presented to him during a recent visit here to inspect the railroad's U. S. lines. Admiring the tam are: R. Douglas Stuart (left), chairman of the U. S. section of the newly formed Canadian-American committees for furthering mutual understanding between the two countries, who made the presentation, and Gerald A. Newman, consul general for Canada



Dr. Robert E. Wilson, board chairman of Standard Oil Company (Indiana) accepts special bronze plaque citation for outstanding service to 4-H club work. Guy L. Noble, director of the National Committee on Boys and Girls Club Work (right) made the presentation. Roger Steimel, 20, Illinois state 4-H tractor champion from Cortland, Ill., representing all 4-H members, looks on



# A Blueprint For Long-Range Planning

By **WILLIAM McEACHRO**

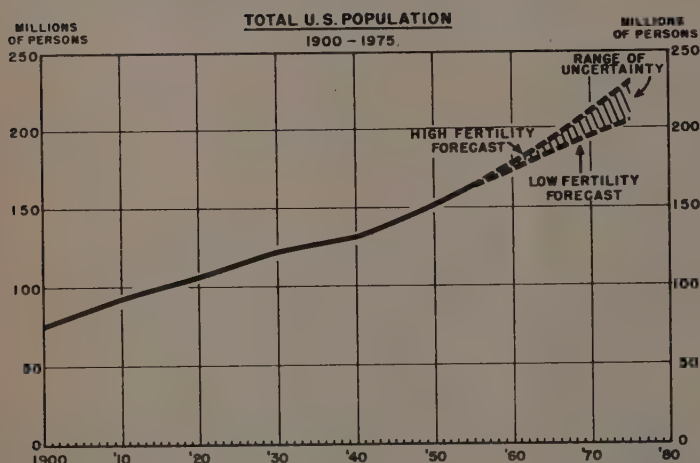


Chart Number One

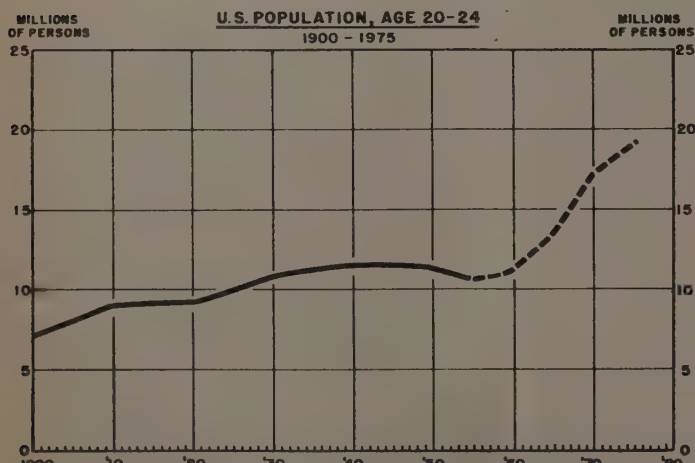


Chart Number Two

**W**HAT useful purpose is served by organized business planning—what is its justification, what is its objective?

Perhaps the most obvious and correct use of long-range planning is to give a corporation lead time—enable it to get ready to meet future events, and to do this on an orderly basis rather than relying on some kind of crash program. For example, long-range planning can help provide capacity to meet sales in the future. It can also help us provide adequate financing and adequate personnel to operate the business in the years ahead. Sometimes, what is more nebulous, it may help guide research and development programs into the most promising fields.

A second objective of long-range planning, and one that places considerably less reliance on our ability to predict the future, is to integrate a company's actions. It does a company no good if the sales department plans its efforts and facilities for a 25 per cent increase in sales if at the same time the manufacturing department builds its equipment to supply products for only a ten per cent increase in sales.

In addition to helping us be prepared to meet the future, and synchronizing current efforts and plans, formal long-range planning is useful in two other areas. One of the

The author is head of the Standard Company (Ind.) long range planning group.

to give perspective to current decisions, to provide something of a background against which we can measure the attractiveness of a given investment or some other decision. It carries with it a long-time commitment. Adequate evaluation of a project improvement which is expected to have a life of 20 years makes it highly desirable for us to have some idea as to what these 20 years may look like. It is our long-range plan that helps us in this.

And last, but not least, long-range planning can be an important element in administrative control. It permits us to set down performance standards in advance so that we may measure ourselves as the future unfolds. We see whether or not we are actually meeting our target in terms of efficient operation.

The extent to which corporate long-range planning is capable of achieving these objectives is determined to a very great extent by the economic characteristics of the particular business involved. Some of the more important of these economic characteristics are the stability or instability of demand and supply, the way in which the product is used, and the rate of technological change.

### Demand for Product

The demand for a product is a function of its price, the price and availability of substitutes, people's income levels, people's tastes, business confidence, and so forth. When demand reacts less than proportionately to changes in these factors, it is said to be inelastic. Basic necessities (such as sugar, flour, and electricity) generally have an inelastic demand. Conversely, when demand reacts more than proportionately to changes in price, income, etc., it is said to be elastic. Luxury items and consumer durables (fur pieces, appliances) generally have an elastic demand. Sales of such items chart an erratic pattern through time.

Petroleum products such as gasoline, heating oil, and lubricants are virtually in the necessity class. The demand for them is relatively inelastic. Because of this, we are able to forecast the demand for petroleum products many years into the future with a fair degree of accuracy.

Similarly, supply elasticity or in-

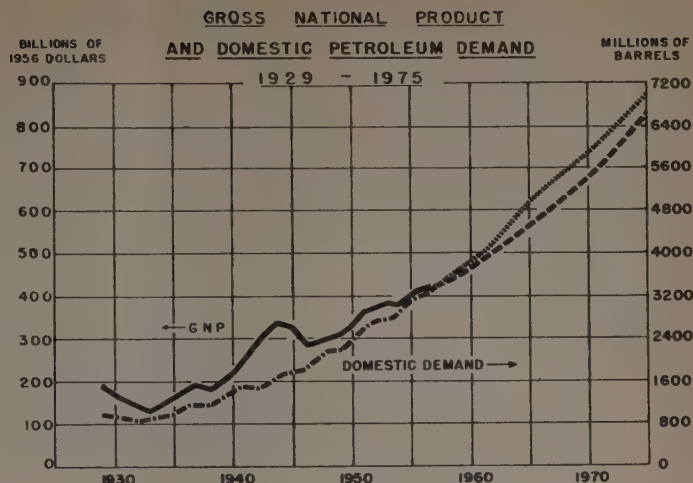


Chart Number Three

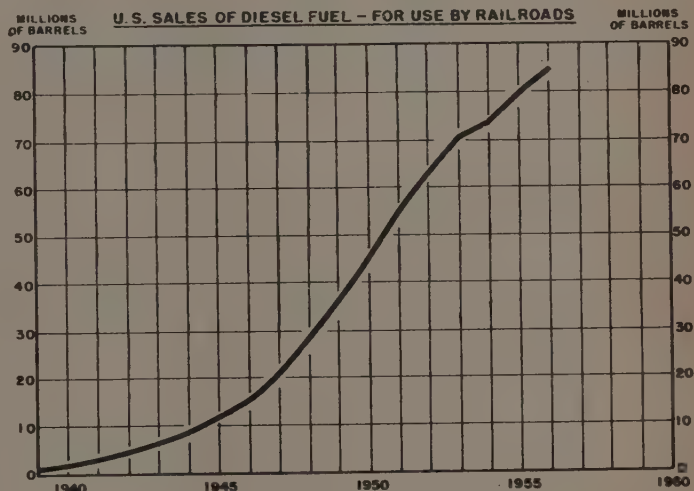


Chart Number Four

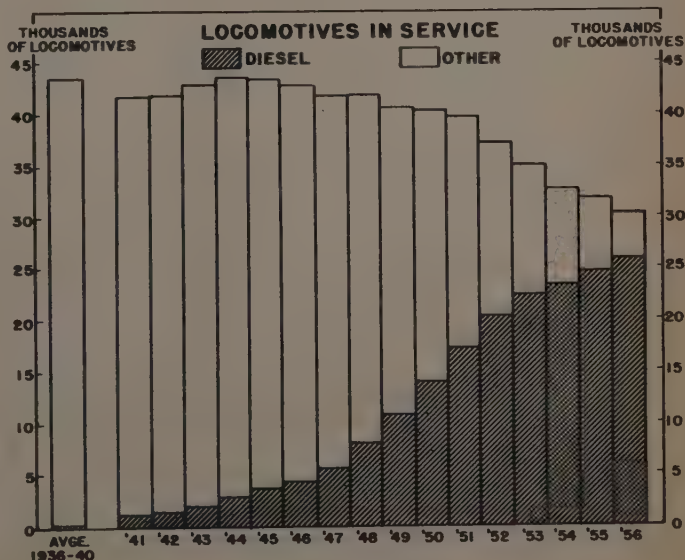


Chart Number Five



elasticity reflects the degree to which supply expands or contracts in response to changes in price. Petroleum supply in the long-range is inelastic largely because of the very high ratio of capital equipment to operating costs in our industry. It takes years to develop crude oil reserves and years to build a refinery. A sudden boost in the price of petroleum products would operate only slowly to increase our capacity to supply such products. Thus, low supply elasticity makes it necessary to plan far ahead in the petroleum industry in order to assure the necessary lead time for the development of oil reserves and the erection of refining capacity.

For the most part, petroleum products are used to permit operation of relatively expensive or important pieces of equipment. For this reason, the customer will not tolerate delays in meeting his demand.

### Technological Change

Still another business characteristic that affects planning is the rate of technological change. In the oil industry this rate could be classified as moderate—strong enough to cause us to want to keep on our toes technologically but still not so rapid



William McEachron

but what we can plan ahead with some confidence. In an industry such as electronics where the rate of technological change is very high, forecasting very far ahead with any degree of assurance is well nigh impossible.

Thus from an analysis of these few factors we can see why in some industries, such as petroleum, it is both possible and necessary to forecast and plan relatively far ahead,

some ten or fifteen years or longer while at the same time other industries find it difficult to extend the thinking even two, three, or four years into the future.

Normally, the creation of a business plan starts with a prediction of the environment in which the business will operate. As the development proceeds, this stage of prediction gradually shifts over to estimation of elements over which the business has more and more control. Thus, a tentative plan begins to evolve.

### Check Against Objectives

As this tentative plan takes form and even after it is completed, it is important that it continually be checked against the objectives of the business involved and the realities of business life. This checking process and the resultant modification of the plan we can call "feedback." Prediction then refers to estimation of noncontrollable elements in the picture, while feedback refers to the manner in which the controllable elements are shaped.

Usually we start our planning program with a forecast of general parameters that gauge the growth of our country's economy as a whole.

(Continued on page 34)

### SIMPLIFIED FLOW CHART OF BUSINESS PLANNING

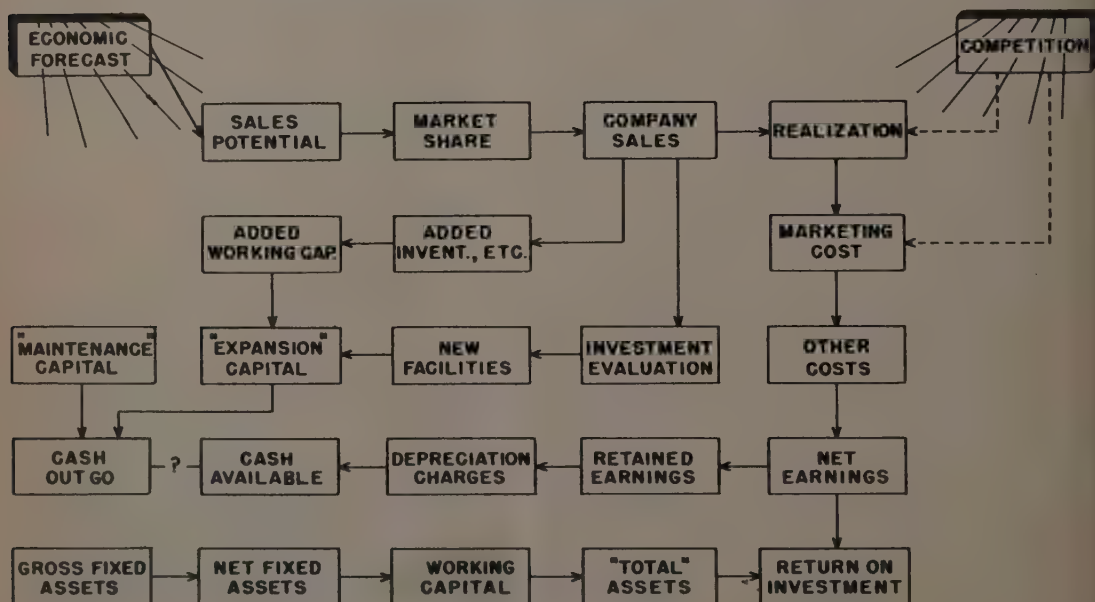
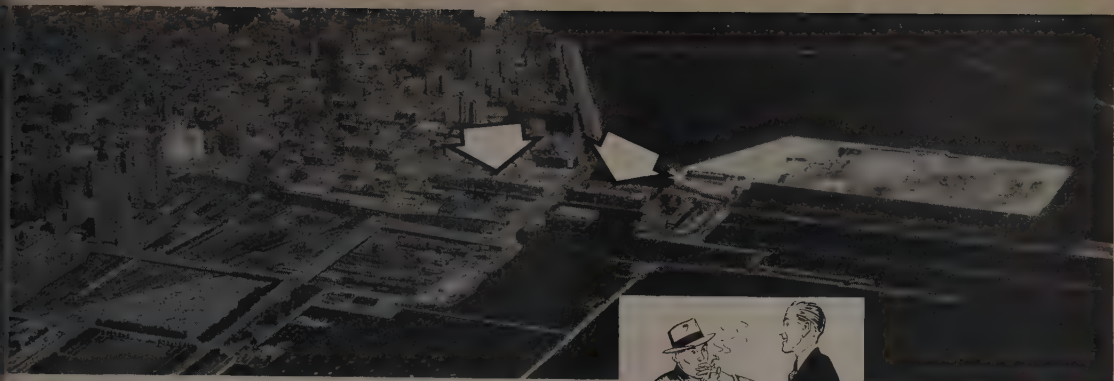


Chart Number Six



Arrows point to main North Pier Terminal buildings East and West from Lake Shore Drive.

**If you distribute  
from the outskirts of Chicago  
or from a suburb**



"There are more ways to make MONEY than to sell the things you sell at a profit."

## **YOU CAN CUT COSTS 23% at North Pier Terminal**

It is 23% less expensive to conduct your business from a **CENTRAL** location near the Loop in North Pier Terminal

**If your rent, maintenance, taxes, insurance and time loss cost you \$100,000.00 annually . . . we can save you \$23,000.00!**

You'd be located right in Chicago's spacious, uncongested front yard.

You'd be right in the center of things for your salesmen, customers and your help.

You'd enjoy a modern office with a prestige address — Lake Shore Drive, no less — and just 5 minutes from the Loop.

You'd get plenty of parking space any hour of the day.

Your shipping would flow freely in and out anytime. You'd have extra help when needed, for scheduling, routing, loading, and unloading.

You'd get extra space by-the-month, for

your peak periods! Or, you'd use *less* space — and pay only for what you used.

You'd save on rent, insurance. You'd eliminate the nuisance of operating your own building.

You'd marvel at the clean, fresh Lake air and sunshine, the pleasant surroundings.

72 Chicago firms (our tenants) will tell you it's Chicago's finest location.

You can save 23% at North Pier Terminal! This is the year to save. This is the year for progress! Ask for additional information. No obligation.

Phone or write W. W. Huggett, President, or S. T. Heffner, Vice President.

## **NORTH PIER TERMINAL**

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We also operate public warehouses and harbor facilities at Lake Calumet and downtown at the mouth of the Chicago River. Another warehouse is on Clybourn Avenue.



## What's Economic Outlook for 1958

(Continued from page 14)

and rate impacts, although it does not give the banks any more money to lend. We have passed the point where a moderately easier credit policy would set inflation on the loose again. I do not think the whole structure of rates will be disturbed. I would not expect the banks during the next year to cut the three per cent savings rate. Cheaper borrow-

ing costs are indicated for the Treasury.

... The incipient business recession has been remarkably slow to unfold. I don't think it will be deep or long, or offer many parallels to the Thirties.

### Miss Slade on "Security Prices":

I believe this is a good time to

buy stocks in moderation. Disturbances in 1958 may depress stock prices for a time, but the duration of these declines should be brief, and they should provide good buying points. This recession, which began last July, should have run its course by next May or June. By that time it is likely that the Dow-Jones averages will have touched or broken 400. The end of 1958 will see stock prices above their lows; the high-grade bonds have already seen the lows.

### Mr. Backman on "Prices":

I anticipate that the consumer price index will remain fairly stable from now through the end of 1958. The prices of some goods will decline, while the price of services will continue to rise. I anticipate a moderate decline in the wholesale price index, probably about two per cent.

... General wage increases will be a minimum of eight to ten cents an hour in 1958, plus some liberalization of fringes. The 1958 wage movement will mean a drop in profits of considerable magnitude and will contribute to unemployment. We will not have a significant rise in productivity in 1958, and unit labor costs will increase moderately. Profit margins will narrow. I expect unemployment of 3.5 to 4 million in addition, we will have unemployment in the partial sense of short workweeks.

### Mr. Gainsbrugh — "Summary":

On average, the Forum expects GNP to decline to \$438 billion in the first half of 1958; almost without exception, Forum members expect the second half of 1958 to be better than the first half. For the first half of 1958, the consensus is for 3.6 million unemployment; for the second half, 3.4 million. The index of industrial production (1947-1949=100) is expected to average 139. The Forum expects expansion in other sectors of the economy to offset anticipated declines in capital spending. It also expects little gain in living standards, and no increase in real income. If 1958 warrants the label "recession," the Forum figures suggest it may be one of the more prosperous recessions on record.

... The business investment sector was designated a major problem area in 1958—a significant difference between this pattern and



### "GOSH—WAS I BEWILDERED!"

"I used to be, that is. Now I've learned to look in the Yellow Pages to find all the things our company needs."

**Everybody looks in the**

**YELLOW  
PAGES**



ern of earlier mild postwar re-  
cursions. In those earlier recessions,  
contraction was evident early in the  
inventory sector. The data do not  
test that we are now experienc-  
ing an inventory recession; a cycle  
begins in the capital sector may  
be deeper and last longer than the  
inventory cycles to which we have  
become accustomed.

We also said there still remain  
many elements of strength in the  
economy. Nineteen fifty-eight may  
be a "shake-out year"; it may also  
present an opportunity for inten-  
sive pursuit of cost control. The year  
ahead shapes up as a testing period.

## Fastest Growing Crime

(Continued from page 15)

drawn — and cashed — on non-  
existent banks, signed with imagi-  
nary names. An unsuspecting de-  
partment store in Memphis, Tennes-  
see, cashed a check drawn on "The  
Bank of the Mississippi"; and a  
confident swindler signed her  
checks "E. Normous Wealth."

Some forgers are so adept that  
the person whose signature has  
been forged is unable to pick out the  
forgery. One forger was so skillful  
that government experts could not  
identify the forgeries and refused to  
prosecute him in court lest they con-  
firm the jury.

A forger with an unusual angle  
was Solomon Bernard Heiman, who  
ran his operation by stealing, of  
others — bills! Then he forged  
checks to pay the bills. The checks  
were always in excess of the amount  
of the bills and for five years he lived  
on the change from his forged  
checks. Using large checks to cover  
bill payments is a common practice  
among check swindlers. Beware the  
seller who makes a small purchase  
and offers a check for considerably  
more.

Forgery, though on the increase  
today, is not new. It was one of the  
greatest perils of early banking and  
in the 19th century in England  
hanging was the penalty on convic-  
tion of forging a single note. In  
1877, the Bank of England prose-  
cuted no less than 142 forgers, but  
created hangings failed to stem  
the tide.

The very earliest checks, on the  
other hand, were, if not the most  
convenient, perhaps the most for-  
ge-proof of all time. They were



**Suppose You Tell Us!**

**WE'LL LISTEN!**

INSTEAD OF OUR TELLING OUR SPRING STORY AS WE SEE IT

**Tell Us Just What Your Spring Problem Is—**

**What Interests You?**

- Factors of vital importance to one man may be minor considerations to another and of no interest at all to a third. So let's get specific. What's important to you on spring requirements?

**COST  
DESIGN HELP  
DEVELOPMENT  
VOLUME  
DELIVERIES**

LET'S BOTH TALK TURKEY — WHAT YOU WANT — WHAT WE CAN DO

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**What Interests You?**

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the tablets of ancient Egypt, fashioned from baked clay.

The origin of checks as we know them today is uncertain, but they probably began with the Bills of Exchange used by Lombardy merchants of the 14th century to avoid the hazards of transporting gold. The word itself is said to derive from the serial numbers used as a "check" or means of verification.

By 1880, checks were in wide enough use to offer an attractive target to criminals seeking easy money without the physical risk involved in burglary or armed robbery. Gangs of specially skilled artists achieved nationwide notoriety and their large-scale operations almost threatened the whole check system. Their ingenuity was limitless, the opportunities ready-made and when the stakes were high enough, there was no limit to their painstaking and daring.

Check raising gangs flourished on an assembly-line basis. There were "captains" who purchased small bank drafts and passed them along to the "scratchers," the artists who raised the drafts, often to thousands

of times their actual value. "Middlemen" acted as go-betweens so that in many cases the crooks never knew other members of their gang. The "presenters" were the brazen operators who walked boldly into banks and presented the raised checks for payment.

Among the leading check artists was Alonzo James Whiteman — "Jim the Penman" — described by the Pinkerton Detective Agency as "beyond all doubt the ablest criminal in the U.S." He went through an inherited fortune, amassed — apparently legally — a fortune of his own, served as Minnesota state senator, received an honorary degree from Hamilton College, and was almost elected to its board of trustees.

Whiteman perpetrated many magnificent swindles which netted him more than a million dollars. His most outstanding case involved a haul of a mere \$580 from a New York bank. Cunning enough to secure his acquittal, he then had the audacity to sue the bank for false arrest and they were obliged to settle for an additional \$3,000. Whiteman's confidence ran so high

that on one occasion, having spoiled a bank draft while attempting to alter it, he deliberately burned part of the draft and returned it to the bank for redemption.

Arrested 45 times, indicted 27, convicted and sentenced 11, Whiteman spent only 12 months in jail, at the time of his final arrest in St. Louis in 1904. At Auburn prison he taught in the prison school — until it was discovered that he was teaching forgery!

Early attempts at protecting checks included perforating figures in tiny holes, but this was not too successful. What had been punched out, could be replaced. Charles Becker, "the prince of forgers," for example, bought a draft for \$100 which the issuing clerk sought to make safe by punching "12" in the top corners of the draft. Becker chewed paper to make it soft, stuffed the holes, washed off the written "twelve dollars," substituted his own figures and came up with a nice looking draft for \$22,000.

Today we have somewhat licked the problem with a device which macerates the amount into the paper with indelible ink. In this way, the figures become a part of the paper and cannot be removed or altered.

Development of a genuine safe paper will also help. The paper cannot be bought except in finished check form and it has never been successfully counterfeited. A rash hidden "VOIDS" appear as soon as a chemical eradicator is applied.

### Perfect Protection

Although the check protection industry has closed most of the loopholes, opportunities for check fraud still exist. Perfect protection still depends on the care exercised by check users. Checks must be drawn carefully and cashed prudently. You can't tell a check crook at sight — a respected mother of three children cashed \$10,000 worth of stolen checks; a minister forged \$40,000 worth.

Cashing bad checks is not a skillful job, nor is it as physically dangerous as some other forms of crime. Psychological knowledge of the innate carelessness of the average person, so far as checks are concerned, is the main requisite of the check swindler. It is up to each one of us personally to foil the check crook.

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## Economics of Farming

(Continued from page 17)

district of the Federal Reserve Bank, which includes Illinois, Iowa, Indiana, Michigan, and Wisconsin. Twenty-nine per cent anticipate higher land prices, 66 per cent a stabilization, and only five per cent decline in values.

Even among the minority bankers, country real estate brokers, and land grant college economists, who predict falling prices, a typical comment is: "With the prospect of low levels of farm income for some time in the future, it seems that land values can't go higher—but I've thought that for a number of years, and look what's happened!"

This much appears certain. Whatever their influence on land prices in the future, the basic pressures that have caused the rise will continue.

### High Costs

The prospect is for agricultural production in excess of effective demand. New technological advances make that practically inevitable. So, the outlook is for a relatively high cost of equipment and supplies that the farmer must buy and possibly smaller governmental subsidies. Thus, he can have little hope of alleviating the cost-price squeeze without some drastic action on his own part.

Agricultural income that can be attributed to labor has fallen almost to the vanishing point. In the case of a typical 130-acre, 18-cow dairy farm in Eastern Wisconsin the per hour wage in 1955-56 after interest charges on investment, declined to 37 cents. Per hour earnings, again after interest charges, were not much better anywhere in the Midwest. The operator of a typical 220-acre, beef-hog raising farm in the Missouri-Illinois-Iowa area received 47 cents.

The Illinois-Indiana cash grain farmer on units averaging 230 acres did somewhat better luck. His wage was \$1.20 per hour. This figure reflects average or better crops, coupled with price supports.

A North Dakota grain farmer on an average 640-acre tract had the best to show for his work. He made \$50 an hour. A wheat grower in the Kansas-Nebraska area, on the other hand, earned only 29 cents per

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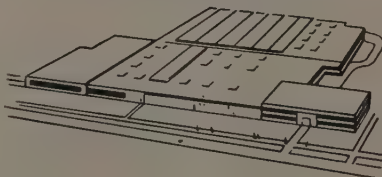
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hour, but drought was a detracting factor.

Average earnings in agriculture after interest charges have never been high. For example, in the 1947-49 period which was relatively prosperous for agriculture, the Wisconsin dairy farmer made 68 cents per hour, and the Missouri-Illinois beef-hog raiser, 87 cents.

Highest average income in the period for any segment of agriculture went to the Corn Belt farmer fattening hogs and cattle. However, even his per hour earnings were only \$2.28.

These figures, of course, are not entirely representative of the income of midwestern agriculture. As indicated on tenant operated farms where the usual "50-50" lease was in effect, the returns from investment in land generally were better than those from labor in crop and livestock production. The tenant supplied the production items, such as machinery, which had to be renewed from time to time at continually higher cost.

### Long Established Trend

This accounts for the long established trend toward decrease in the proportion of tenants to owner-operators in recent years. In the 20 years between the 1935 and 1954 census, farm owners rose from 57 per cent of total operators to 75 per cent. More and more farmers have found it necessary to supplement returns from labor with those from investment, in order to survive.

A frequent comment from owner-operators has been: "We just throw in our work."

Many of this group might have auctioned their livestock and equipment, and reinvested their money in additional land — or, for that matter, in securities — and then "retired to California" without any great loss of income.

Many farmers did take this route. They are headed in droves for jobs in industry, or for retirement under social security pensions. The Bureau of the Census reported 1.9 million fewer people living on farms in April, 1957, than in April, 1956.

This number, in addition to tenants and elderly persons, includes owner-operators of small or low-grade farms, and young people seeking

(Continued on page 31)



# Industrial Developments

... in the Chicago Area

ESTMENTS in industrial plant facilities totalled \$252,574,000 during the year 1957 with projects in number totaling over \$13,465,000. The annual total, while being approximately half of the totals in any of the last two years, exceeded the total of the preceding seven years that records have been kept by the Chicago Association of Commerce and Industry.

Projects covered in these figures include construction of new plants and plant expansions, as well as the acquisition of land or buildings for industrial purposes.

**National Container Corporation,** Multiwall Bag Division, an affiliate of the Owens-Illinois Glass Company, has purchased water-front property on the Calumet River, south of 138th street, served by the Chicago Western Indiana Railroad. Construction is underway on a corrugated paper container plant at this location, scheduled for completion in June, 1958. The new building will contain 300,000 square feet of floor area, and will eventually be changed either for a glass plant or additional paper container manufacturing.

**Standard Rate & Data Service,** publishers now located in Evanston, is building a new office production building in Skokie which will contain 143,000 square feet of floor area. Maher and McIlwain, architect; A. A. Lipsey Associates, Inc., engineer. The company will relocate its operations to the new three story building in 1958.

**McCumseh Pipe Line Company** of Independence, Kansas, is erecting steel storage tanks, each with 100,000 barrel capacity, for use of several oil refineries in Lake County. The tank farm will be at Division

street and Central avenue in Schererville, Ind., south of Hammond. These tanks will be for the storage of crude oil before refining.

• **Sinclair Refining Company** is erecting nine 100,000 barrel storage tanks for its own use for storage of refined products at the same site in Schererville.

• **General Mills, Inc.,** 104th street and the Calumet River, is adding 80,000 square feet of floor area to its plant. This General Mills unit manufactures flour and cereal products, and the increased manufacturing facilities will be completed in April, 1958.

• **Powell Steel Lath,** Addison, is erecting a new 65,000 square foot plant at 3717 Rhodes avenue, Franklin Park. The company, a producer of metal lath and accessories, will occupy the new quarters in early Spring.

• **Parke-Davis & Company,** Detroit, is constructing a one-story warehouse building and branch office in Skokie, scheduled to be completed in November, 1958. This well-known pharmaceutical firm has sold its facilities at 130 N. Franklin street in preparation for the move to the new structure. The company first opened its Chicago operations nearly 57 years ago. The new warehouse will contain 46,000 square feet of floor area, designed by Yamasaki, Leinweber and Associates. It will be equipped with the latest material handling and automated operating facilities.

• **McKesson & Robbins,** 540 W. Randolph street, is erecting a large warehouse building in Oaklawn. This new structure will be completed in June and will contain

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Aerial view of the Federal Tool Corporation, which shows artist's conception of the new warehouse addition (upper right). It is the third addition to the original building since it was constructed in 1947.

55,000 square feet of floor area. The project will include a parking area for cars and room for expansion, and will be air-conditioned throughout. Johnson and Johnson, architect and engineer.

• **Crown Rheostat and Supply Company**, 3465 Kimball avenue, is erecting a new 39,000 square foot plant in the Centex Industrial Park adjacent to the village of Elk Grove. The company will utilize the plant to manufacture plating equipment. Ralph Stoetzel, architect.

• **Compco Corporation**, 2251 W. St. Paul avenue, will concentrate its activities in Chicago in a three and five-story building it has acquired at 1800 N. Spaulding avenue. The building contains 165,000 square feet and is serviced by the C. M. St. P. & P. Railroad. The firm is an important manufacturer of fluorescent lights and photographic equipment. Browne and Storch, Inc. and Bennett and Kahnweiler, brokers.

• **Tel-A-Sign**, 960 W. 122nd street, will double its Chicago plant facilities with the addition of 60,000 square feet of floor area to be erected in the Spring of 1958.

• **Kasle Steel Corporation**, Detroit, has acquired approximately 12½ acres and four buildings at the corner of Cottage Grove avenue and 111th street. The property was formerly owned by the Pullman Standard Car Manufacturing Company. The four buildings contain more than 200,000 square feet of floor area and will be remodeled into one of the largest and more modern steel and aluminum warehouse operations in the Chicago Metropolitan Area.

The property is serviced by the C. R. I. & P. Railroad.

• **Smith-Corona, Inc.**, of Syracuse, New York, a well-known typewriter and business machine manufacturer is erecting a research and development laboratory on a 30 acre site at Hicks Road near U. S. 14 in Northwestern Industrial Park near Rolling Meadows. The structure will contain 28,000 square feet of floor area and will concentrate on research in the fields of printed communications and integrated data processing.

• **Howell Tractor and Equipment Company**, 7443 S. Racine avenue, is erecting a warehouse building in the Centex Industrial Park, 26,000 square feet of floor area for its line of earth moving and grading equipment. Walter Nelson, architect.

• **Standard Safety Equipment Company**, 232 W. Ontario street, is building a new factory and office structure in Palatine. The new building is to contain 24,000 square feet of floor area. The company will move its operations for manufacturing of face shields, salt tablets and dispensers to the new building in the Spring of 1958. Charles Klopfer and Associates, architect; Field and Schiller, Inc., general contractor.

• **Admiral Tool and Manufacturing Company**, 2354 Clybourn avenue, is building a factory and office structure at 3652 N. Talman. The new building will contain approximately 22,000 square feet of floor area to which the firm will move its operations when completed in 1958. The firm deals primarily in the manufacturing of metal stamping. Edward Steinhorn, architect.

## Here, There and Everywhere

(Continued from page 8)

1957, 34,000 such claims accounted for payments of \$82,000,000. This compares with \$71,000,000 under 100 claims in the like period of 1956 and \$53,000,000 under 27,000 claims five years ago. At the current rate, the 1957 total will be more than \$110,000,000 under 46,000 claims. The Institute of Life Insurance reports.

**Crude Rubber Usage Off** — The world will use 25,000 fewer tons of crude rubber and 127,500 more tons of man-made rubber this year than it did in 1956, according to John L. Collyer, chairman of the board of B. F. Goodrich Company. This will be the first time since 1952, when the United States government imposed rubber consumption controls imposed during the Korean war, that total crude rubber consumption has declined from the previous year, he said. Mr. Collyer said the sharp increase in man-made rubber consumption is due to 1) expanding production, not only in the United States but in certain of the larger nations of Western Europe, and 2) continuing high prices for crude rubber. The use of man-made rubber in the free world outside the United States now accounts for 19.8 per cent of the total consumption of rubber.

## Economics of Farming

(Continued from page 28)

off-the-farm vocations. Except for family financing, this last group finds it exceedingly hard or even impossible to get started in farming. The 1.9 million figure may be merely a statistical quirk. The same survey was made when ordinarily there is a seasonal increase in farm workers. As the 1957 crop season is late, the comparison may have been distorted.) Whatever the exact figure, this migration from the farm to the city is the largest for any one year in history. However, the low rate of transfers indicates that the established owner-operators doing a reasonable volume of business stuck to the land. Shifting to an urban job often is difficult for a farmer. In the first place, areas of low farm income usually are those with little industry, and sociologists have found that the

farmer dislikes to go far in his first step toward new employment.

Also, even where other employment was available nearby, the man with the technical skills required for good farm operation and management often was "not at home" on an assembly line.

Important, too, was the uncertainty the farmer felt in an industrial job. While his wage was below that in industry, he was confident of more security in a going farming business of his own.

Therefore, he took the alternative of increasing units of production in order to maintain income. Since he already had a good line of machinery, purchased in better days, this was practical.

Equipment — in excess of needs on many farms — ranged all the way from a three- or four-plow tractor, to a power mower for the lawn.

The last of the horse drawn implements, which farmers had tried to use with a tractor, had gone to the junk yard. One-row corn pickers generally had been traded for two-row.

Recently there had been an accelerated shift from two-row to four-

row planting and cultivating equipment. Dealers every year find it more difficult to sell a two-row corn or soybean planter.

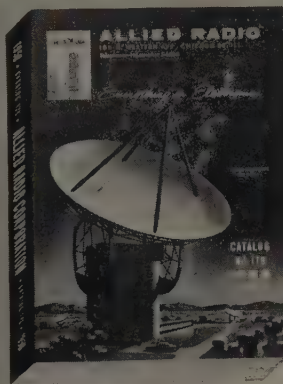
Thus, the farmer was in a position to operate larger acreages with little additional overhead. . . . All he had to do was find more land. First, he tried to rent it. When that failed, he sought to buy — either way drove up the price.

Little land was for sale. Besides paying a fair return on investment, farm ownership was regarded as a hedge against the depreciating value of dollars.

Neighbors bid against each other for an occasional "eighty" or "one hundred and sixty" offered for sale. They could afford to pay more than someone who would have to operate the tract as a unit in itself.

Since the majority of sales were for addition to existing units, bare acreages sold nearly as high as farms with buildings. A house often was tossed in with the price of the land.

Other buildings, also, might have added little market value to a farm. While they may have been expensive, they often were not adapted to recent stream-lined chore systems.



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Furthermore, the owner had to reckon with the tax assessor, and many school districts that does take some reckoning.

Another factor helping to drive up land values is that profits from improved technology, even when not related to soils and crops, tend to be credited to land. An example is diethylstilbestrol, the growth stimulating hormone used in beef cattle production. It increased feed efficiency, so the farmer was able to pay a little more for the land that grows the corn.

### Long Range Factors

These are the long range factors in the current rise of land prices. Other factors influencing last year's trend were excellent growing weather for crops, the favorable outlook for livestock prices, and the \$500 Bank (whatever the importance) that in 1957, in view of the low compliance rates throughout the Midwest).

The short term factors can easily be weighed too heavily. While the prospect for a good crop may be the final consideration in a decision to buy, the actual price of land presumably is determined by its long time earnings.

Since his income was depressed where did the farmer get money to buy land? He had some of it, of course. Country bankers still reported large savings awaiting the purchase of land.

Most of the buyers, nevertheless, had to have some credit, but this was available for the established operator whose net worth often exceeds 50 or 60 thousand dollars.

The U.S.D.A. estimates that 75 per cent of all land purchases were financed. This was an average of four per cent over the previous years.

Still, the total of mortgage financing declined. Sales contracts, on the other hand, increased to about 15 per cent of all credit-financed purchases. In 1946, when estimates of this type of financing were first made, it was about 25 per cent.

Since his experience in the 20's and 30's, the farmer has hesitated to mortgage "clear land" to finance an additional tract. With that risk eliminated by a contract purchase, he was willing to pay more. The seller, with this inducement agreed, turned, to an installment sale.

# Transportation and Traffic



THE Supreme Court of the United States, in an eight to one ruling, affirmed the decision of a federal district court upholding the order of the Interstate Commerce Commission in the controversial Rock Island and Motor Transit Company case. The commission, in its report of November 22, 1954, granted Rock Island and Motor Transit Company, a wholly owned subsidiary of the Chicago, Rock Island and Pacific Railroad, unrestricted common carrier authority to transport general commodities over U. S. Highway No. 6 between Chicago, Ill. and Omaha, Neb. In finding that public convenience and necessity warranted approval of the authority, the commission said: "Applicant is the only carrier that for a considerable number of years has maintained daily (generally at least five days a week) scheduled peddle operations over the entire . . . routes regardless of the volume of traffic available for movement in such operations. Operating motor carriers with appropriate authority have not provided such a service, except with respect to selected small segments of the routes, . . . These carriers prior to August 30, 1951, delivered less-than-truckload freight to Motor Transit for movement to destinations they were authorized to serve. Some of this freight consisted of low-rated articles which such carriers deemed unprofitable to handle. These carriers in many instances refused to accept less-than-truckload shipments from their motor carrier connections for movement to a destination embraced within their operating authority. As a result thereof, several of these connecting carriers have had to rely on Motor Transit to accept and make delivery of such shipments, even in cases where the delivering carrier was designated by the shipper." The commission added that its

findings did not establish a precedent but that "each case of this character must be determined upon the facts and circumstances disclosed by the evidence." Arguing that the operation of a railroad-owned trucking company must be restricted to service which is auxiliary or supplemental to the railroad service, the American Trucking Associations, Railway Labor Executives' Association, and others, fought unsuccessfully to have the courts set aside the commission's order.

• **Truck Drivers' Union Presents Wage Increase Demands:** The Central States Drivers Council, representing 175,000 truck drivers in 26 midwestern and southern states, has presented the operators with a new over-the-road contract to become effective February 1, 1958. The new contract provides for:

1. An increase of one-half cent a mile each year for three years in the current rate of  $8\frac{1}{4}$  cents per mile;
2. An increase of 15 cents an hour for the first year and 10 cents an hour for the next two years in the present hourly rate of \$2.33;
3. An increase of 100 per cent in the present \$2.00 per man per week pension contribution;
3. An increase of 75 cents a week per man in the present health and welfare employer contribution of \$2.25.

The present six year contract, which does not expire until February 1, 1961, contains a reopening clause on all pay, pension and welfare matters.

• **Senate Subcommittee to "Look into Deteriorating Railroad Situation":** The Surface Transportation Subcommittee of the Senate Interstate and Foreign Commerce Committee will begin hearings January 13, 1958, to "look into the deterior-

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rating railroad situation," according to an announcement by Senator Magnuson, chairman of the committee. While witnesses in the hearings will not be limited in subject matter to be covered, the following three main subjects were suggested by Senator Smathers of Florida, who heads the subcommittee: "(1) Matters on which the railroads may help themselves at present, without further action by the Congress or the Interstate Commerce Commission; (2) desirable changes in I.C.C. policy under existing law; and (3) new legislation necessary to insure a sound railroad industry as an integral part of the national transportation system." In discussing the hearing plans, Senator Smathers stated: "The available statistics indicate that the American railroads are heading for serious trouble. Carload-

ings are down and earnings have declined. Attention should be given to constructive action to allow the railroads to help themselves before the situation has deteriorated to the point at which drastic action would be necessary." Senator Smathers added that preliminary figures for September, 1957, indicate railroad net income to be about \$65 million as compared to approximately \$80 million in September, 1955, a decrease of over 18 per cent, and that "another danger sign" is the drop in net working capital from about \$880 million in September, 1955, to approximately \$526 million in September, 1957. "Experts consider \$600 million as the minimum safe working capital necessary for the railroads," he continued, "because railroad cash operating expenses approximate that amount each month."

The other members of the subcommittee, in addition to Senator Smathers, are Senators Lausche, of Ohio; Yarbrough, of Texas; Schoepel, of Kansas; and Purtell of Connecticut.

• **C.A.B. Refuses to Reconsider Denial of Six Per Cent Airlines Fare Hike:** The Civil Aeronautics Board has refused to review its denial of an emergency six per cent increase in airlines passenger fares. The board's announcement noted that it had a full investigation of fare schedules under way. Hearings in the investigation are now in progress and may last for several months. The airlines say that they cannot wait until the probe is complete before receiving a fare increase because of reduced profit margins and the costly conversion to jet aircraft.

• **President Will Nominate Arpaia and Murphy for New I.C.C. Terms:** White House press secretary James C. Hagerty has announced that President Eisenhower will send the nominations of Commissioners Arpaia and Murphy for new terms of the Interstate Commerce Commission to the Senate for confirmation after Congress reconvenes in January. The terms of both commissioners expire December 21. Commissioner Arpaia was appointed to the commission in 1952 by President Truman, and Commissioner Murphy was appointed in 1955 by President Eisenhower to fill the unexpired term of Hugh W. Cross, who resigned.

### Long-Range Planning

(Continued from page 22)

One of the most fundamental of these is population. (Figure 1.)

Actually, it is much more revealing to look at specific age segments of the population rather than the population as a whole. For example, if we are interested in expansion of the market for washing machines, the number of people entering marriageable age each year would be of considerable significance. Figure 2 exemplifies the situation by showing the number of people in the 20-24 age bracket.

Of course, analysis of population trends cannot tell the whole story of our economy, since it leaves out increasing production and consumption per capita. For this broader

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age, economists frequently use the use of Gross National Product, which represents in dollar terms the output of goods and services in the country. (Figure 3.)

Forecasting of sales potential can be approached in two different ways. One is the "building block" approach, which involves independent forecasts of the growth of different types of consuming units — automobiles and farm tractors, for example. The other is the "top down" approach, in which the primary forecast is of total demand per se, based solely on the historical pattern of growth.

### New Products

Direct projection of total demand is of course easier to do, and also in some cases makes some allowance for new uses and new products, at least to the extent that such innovation has occurred in the past. On the other hand, such a forecast is less useful in that it gives us little or no insight as to the product mix involved.

A more serious objection to direct projection of total demand is that it precludes the use of any insight we may have with respect to specific product uses. An interesting example is the use of diesel fuel by railroads. (Figures 4 and 5.)

Obviously, the rapid rise in fuel demand in past years has come about through substitution of diesel locomotives for steam locomotives, and just as obviously the historic trend in diesel fuel usage cannot continue much longer.

Through similar analyses of the growth of other types of consuming units, and their changing appetites for fuel and lubricants, we finally arrive at a prediction of sales potential. (Figure 3.)

Up to this point we have included nothing of company considerations into the picture. Indeed, it is quite likely that our competitors have developed a similar prediction of sales potential, perhaps better than ours, perhaps worse. It follows that our ability to compete must rest largely on what we do with our forecast of sales potential rather than on what we did to get it. Figure 6 diagrams some of the more important factors that are involved in translating a forecast of economic conditions and sales po-

tential into an acceptable corporate plan. The chart is highly simplified in order to make it comprehensible in its entirety, for its significance lies in the organization and interlocking nature of its component parts rather than in any one or two of its elements. Thus, there are many intermediate steps, check points, and interrelationships that are completely omitted; as it stands, however, the chart should convey some idea of the broad pattern involved.

In general, the chart proceeds from upper left to lower right. Thus, we start with a forecast of growth in the economy as a whole and finally wind up with a company response that shows a satisfactory return on investment. Not only does the general economic forecast lead directly to the forecast of sales potential, but also — as suggested by the radiating lines — it indirectly permeates the whole pattern of corporate planning. A somewhat similar permeating influence is exercised by the actions of competitors, shown by the upper right hand block, except that in this case the influence is more dependent on our own actions. In other words, our

own actions will affect the general economy only very slightly, if at all, but we can expect considerably greater reaction from competition.

Now let's take a look at the pattern in greater detail, starting with the forecast of sales potential. The next step is a forecast of market share, that is, the ratio of our own sales to the sales potential. Market share can be projected in the light of historic trends, but it may be more meaningful to treat it as a variable ranging within attainable limits. The product of market share and sales potential is, of course, the projected volume of company sales as shown in the block so labeled.

### Routes Interrelated

At this point the path diverges, although the divergent routes are still very much interrelated. Since the most economic way to meet the projected sales volume is still an open question, several different plans of attack are usually formulated and carried along each of these routes until an appropriate selection can be made.

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the estimated realization or selling price of the products involved. Obviously, the price at which we can move the projected volume of sales is directly affected by competitive forces, although this influence is difficult to gauge quantitatively. Likewise, our projected market share and its direction and rate of change are also tied in closely with selling price.

The cost of marketing is also somewhat influenced by competition, although the company's own efficiency and proper selection of marketing method is perhaps more apt to play the dominant role.

Other costs include raw materials, manufacturing costs, transportation charges, depreciation, income taxes, and so forth. These costs and the resultant net earnings are, of course, different for each plan under consideration.

Starting with company sales and proceeding downward to the left we pick up inventory requirements and other working capital required for each plan. Included in this category should be an estimate of accounts receivable, cash to be kept on hand, and so forth.

### Investment Evaluation

The third route from company sales passes through the block marked "investment evaluation." Perhaps it should be marked "plan evaluation" instead, for it is here that we determine the relative economic attractiveness of all of the various plans that have been considered. Here we answer such questions as should we make or buy, what size and type of facilities should be installed, when should they be built, and so on. This is one of the most important phases of the entire planning program, and is one of the major points of feedback in the planning pattern. In this evaluation, fixed investment is especially critical because it represents a long-term commitment to a more or less specific course of action.

One of the most recent and probably the best of the methods for evaluating a prospective course of action in which investment is involved is the so-called "discounted cash flow" procedure, also sometimes called "investor's rate of return" or "profitability index." This procedure is sufficiently comprehensive to permit inclusion of all pertinent

economic factors in the investment evaluation. For example, though the linkage is not shown on the chart, the proper application of the procedure would pick up additional working capital required for the operation of the facilities involved.

Let us then assume that we have selected what appears to be the best course of action, based on evaluation of our own estimates of various courses of action that we have considered. What then?

### Financial Feasibility

One test that must be made sooner or later is that of financial feasibility. In other words, how can we finance the proposed plan? In many large companies, cash for new facilities is generated for the most part through retention of earnings. This route is shown on the chart starting with net earnings—then time for the corporation as a whole—and proceeding to the left. Thus the application of our dividend policy to net earnings will indicate retained earnings, and this when depreciation charges are added back represents total cash available for within the company.

On the other side of the ledger, the need for capital can be divided into two parts, which in our company we classify as "expansion capital" and "maintenance capital." Expansion capital covers both the cost of new facilities needed to expand operations as well as the additional working capital required. Maintenance capital, as we use the term, represents capital expenditures which primarily go to maintain rather than to increase earning power—such as replacement of worn-out equipment, equipment for improving product quality where an increase in selling price is involved, facilities made necessary because of changing laws or labor standards and the like. When the company's total capital expenditure program is broken down into these two categories, it should be possible to relate maintenance capital to the level of sales or earning power and expansion capital to the rate of growth.

Taken together, maintenance and expansion capital constitute the cash outgo as shown in the chart. The question mark signifies the comparison of cash outgo and cash available from internal sources, and constitutes a second point of feedback.

extent that there is a surplus the of company expansion could be ped up, or dividends to the kholders increased. If, on the er hand, a deficit that cannot be de up from existing cash sur- es is indicated, additional debt equity capital must be secured, or capital expenditure program re- ed. It is also of interest to com- e maintenance capital to depre- ion charges, which gives some ight as to whether the rate of eciation is adequate to maintain porate earning power at the ex- ng level.

### Return on Investment

The acid test for the entire for- ed plan, however, and the final nt of feedback is represented by urn on investment, as shown in bottom row of the chart. Return on investment is the ratio of esti- ted net earnings to projected al assets where total assets are ined as the sum of working cap- and net fixed assets.

If this return on investment is equate—that is, if it meets or ex- ds the company's cost of capital he forward plan as it stands may satisfactory even though it may e optimum. But if the pro- ted return on investment is in- equate, the entire program de- ves rather careful scrutiny. This ng back over the plan in the light e final answer is where the dback approach plays its dom- nt role.

In spite of its importance, it is icult to say very many words out this procedure. It is largely a matter of cut and try, and then try e more.

Of course, it may be that the ure is the victim of the past, that ed assets already built tend to g down the return on investment e future. In the long run, how- r, the forward plan should show ection of this situation as the sent plant is replaced with more eicient equipment in the future.

If the fault lies in the plan itself, ay be helpful to analyze insofar possible the operations and cost cture of competitive companies l set performance standards in light of this analysis. It may be all comfort to realize that a com- itor is making a profit on a dduct that your own company is

selling at a loss, but that same fact is a good starting point for an an- alysis to find out why.

At any rate, it is to be hoped that finally, after dint of much such analysis and cross analysis, a plan is achieved that is both workable and economically desirable. The term "hoped" is appropriate because suc- cess in this kind of effort is by no means guaranteed. Many things could still be wrong—in fact, the industry itself could be econom- ically submarginal or its entire price structure inadequate.

Even granted an acceptable plan, however, there is still the problem of keeping it up-to-date and compet- itive. No forward plan should be considered as fixed for very long.

There is no denying the impor- tance of the role that prediction plays, but it is possible to over- emphasize it. Although we may be limited in our ability to foresee the future in the sense of being able to predict it, this need not necessarily limit our ability to plan. Some events—such as the number of peo- ple of marriageable age, or the level- ing out of demand for railroad diesel fuel—can be foretold with

little reliance on any crystal ball.

In many cases we can be reason- ably sure that product demand will increase even though we don't know the speed with which the increase will take place. Planning under these circumstances may well be used to determine the sequence of company actions, with the timing of these actions still considered vari- able. This concept has sometimes been called the file-drawer approach, in that successive plans can be un- covered as needed.

On the other hand, it is all too easy to overlook the significance of feedback in the planning operation. It is in this area—where we test and evaluate alternative courses of action, where we judge our prospec- tive performance in the light of our competitors' actions, and where we measure whole programs against financial considerations—that a company exercises control over its own future. While the problems are still off in the future, and time is not yet critical—this is the period for exploring new ideas and new concepts in the search for not just any solution but the best possible solution.

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more. In 1956 sales increased  
average of 10 per cent; profits  
e nearly 25 per cent higher than  
previous year; but top executive  
pensation increased only 5.9 per  
cent.  
In 1952, when there was an over-  
decrease in net profits, top man-  
agement compensation remained vir-  
tually unchanged compared with the  
previous year. In 1953 sales and reve-  
nues were about 10 per cent over the  
year before, profits were about 5 per  
cent ahead, and compensation also  
rose higher by about 5 per cent. In  
1954 sales declined about 2 per cent,  
profits showed a modest increase only  
because of a change in the tax laws,  
and the increase in compensation  
was only about 1.8 per cent.

## Home Ownership and Income

Consumers with incomes of \$5,000  
and over now own more than half  
of all the nonfarm homes in the  
country, according to data compiled  
by the Federal Reserve System in its  
Survey of Consumer Finances. The  
comparable ratio of home ownership  
in this income group was less than  
one-third in 1949, when a much  
smaller proportion of the nation's  
farming units had a \$5,000 a year

income.  
The figures show that practically  
one out of every ten nonfarm  
farming units with incomes of  
\$600 or more were home owners  
compared with fewer than seven  
out of ten in 1949. For the income  
bracket of \$5,000 to \$7,500, nearly  
two-thirds owned their own home  
in 1957 as compared with some-  
what over half in 1949.

## Nonfarm Income of Farmers —

Over a third of the income of the  
nation's farm operators and their  
families is now coming from sources  
entirely outside of agriculture, re-  
flecting a long-term shift in major  
sources of farm income and a pro-

gressively lessening dependence on  
farming itself as the predominant  
source of livelihood. The chief factor  
in this trend has been the big  
growth of nonfarm job opportuni-  
ties as the result of the expansion  
of the economy over the last decade  
and a half, but an appreciable and  
growing income is being contributed  
by a return on such things as savings  
and by public and private retire-  
ment benefits, and annuities.

A special survey made by the U.S.  
Department of Agriculture in co-  
operation with the Bureau of the  
Census shows that farm operator  
families had an aggregate nonfarm  
income of \$6.9 billion in 1955 out  
of a total income of \$19.3 billion in  
that year. Thus nonagricultural in-  
come represented 36 cents of every  
dollar of income of farm operators  
and their families in 1955.

Preliminary figures indicate that  
the nonfarm income of farm opera-  
tor families rose to a new high of  
\$7½ billion in 1956, though still 36  
cents of every dollar of their total  
income last year. By contrast, the  
comparable income of farm opera-

tors and their families was somewhat  
under \$6 billion in 1957, or 27 cents  
of every dollar of their income; and  
in 1948 was about \$5½ billion, or  
22 cents of every dollar of income  
for that year. Figures prior to 1948  
are distorted by wartime influences  
and by the depression of the Thir-  
ties.

• **Changing Labor Force** — Auto-  
mation is contributing to changes in  
the structure of the labor force in  
American industry, the National In-  
dustrial Conference Board reports  
after a survey of 130 companies. The  
study disclosed that the proportion  
of workers engaged in direct pro-  
duction labor has declined during  
the past three years; that the pro-  
portion of workers in the factory  
indirect labor force such as mainte-  
nance, production control and in-  
dustrial security personnel, also has  
dipped since 1954, relative to total  
employment; and that these shifts  
in the labor force are accompanied  
by proportionate increases in non-  
factory employment such as head  
office, clerical and sales personnel.

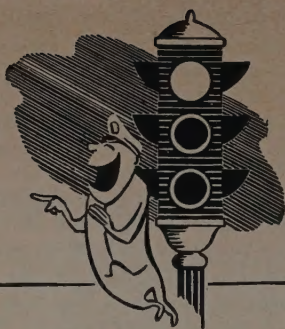
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# Stop me...If...



Little Johnny, five, was addicted to profanity, a habit which caused great concern to his mother. One day he got an invitation to a birthday party, and his mother said to him:

"Johnny, I've instructed Mrs. Wilson to send you home the minute you use any bad words."

Twenty minutes after he was sent to the party, Johnny returned home. His mother would allow no excuses, and sent him to bed without his supper. A few minutes later she relented and went upstairs to see him.

"Johnny, why did Mrs. Wilson send you home? Now tell me the truth—what did you do?"

"Do? Do, hell! I didn't do nothin'. That damn party ain't 'til next week!"

"Is there any danger of tornadoes in this locality?" asked the prospective newcomer.

"Gosh no," replied the oldtimer. "The winds we have here just naturally tear a tornado all to pieces."

A small boy was being sent to Summer camp much against his will, and making no bones about it.

"Why, you'll just love camp," his aunt said soothingly. "You'll have a simply wonderful vacation."

"I won't," was the acid retort, "but my mother will."

At a recent convention in town a sign had been erected near the speaker's platform for the benefit of press photographers. It read: "Do not photograph the speakers while they are addressing the audience. Shoot them as they approach the platform."

Officer: "Say, Smith, where are you going at 4 a.m.?"

Smith (turning into his own driveway): "To a lecture."

"Did they take an x-ray of your wife's jaw at the hospital?"

"They tried to, but they didn't have a motion picture camera!"

A man at a crowded bar was heard to comment wryly:

"I'm so full of penicillin that if I were to sneeze I'd probably cure two or three people."

Every payday the engineer would bring home his wages in an envelope and turn them over to the little woman. One payday, however, he was too sick to make the trip down for his check, so his wife went to get it. When she saw the check she was surprised to see that it was considerably larger than her husband usually brought home so she asked hubby for an explanation.

"Well, I know it looks big, honey," he explained, "but after I pay my conductor and fireman and the rest of my crew there just isn't much left."

Mother—"Isn't this a rather complicated toy for a small child?"

Toy Salesman—"This, madam, is an educational toy, specially designed to adjust a child to live in the world of today. No matter which way he puts it together, it's wrong."

"How do you like your new baby sister, Tommy?"

"Oh, she's all right, I guess. But just like Pop says, there are lots of things we needed worse."

A Sunday School teacher finished a talk on behavior and what we must do to go to heaven. "Now, Tommy," she said, "tell me what we must do before we can expect forgiveness of sin."

Tommy thought a bit, then replied, "V gotta sin."

After the wedding, the minister patting the groom on the back and told him. "So God bless you. You're at the end of your troubles."

A year or so later, the young husband met the preacher and threatened to beat him up.

"What's the matter?" the preacher asked in astonishment.

"When you married me, you told me was at the end of all my troubles!" the young man cried.

The minister smiled. "Son, I just didn't tell you which end."

Plumber—"Did you bring all the tools?"

Helper—"Yes, sir!"

Plumber—"You're fired!"

Traveler: "I want to buy a toothbrush."

Small-town store proprietor: "Sorry, but our line of summer novelties ain't in yet."

Teacher—"Remember, it is always better to give than to receive."

Billy—"That's exactly what my father says."

Teacher—"Your father must be a very nice man. What's his profession?"

Billy—"He's a heavyweight boxer."

It is not too difficult to leap out of bed as soon as the first ray of sun touches your window—that is, if your window faces west.



"What makes you think somebody had to bring me home last night?"



Your Important Business Associates,  
Customers and your Friends will want



# Chicago's NEW HORIZONS

THE Chicago Metropolitan Area is developing more rapidly than any other metropolitan area in the nation. Its dynamic growth in industry, commerce, finance, its rise to preeminence as a medical, educational and research center, and the vigor with which it is attacking its public problems are attracting international attention.

Dramatic as these achievements of the recent past are, the future is even more brilliant. In more than 40 articles and some 200 illustrations, CHICAGO'S NEW HORIZONS projects the Chicago area's future for 10 to 20 years. These forecasts

cover the plans of governmental agencies, leading industries, trade, finance, transportation, medicine, research, education and recreation.

Many companies are distributing copies of CHICAGO'S NEW HORIZONS to business associates, customers and employees . . . as an invaluable guide in future planning and as an effective promotional medium for Chicago.

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## *To Susie with love, on Christmas Day*

There are 43 Clauses, 2 Kringles, and no Scrooges in Chicago and suburbs.

Thousands of Santa's oldest friends and ablest helpers live here, too. (See the Tribune's 48-year-long list of Good Fellows.)

It all started back in December, 1909, when the Tribune received a letter reporting the plight of Chicago's needy children. The Tribune published the letter and the Good Fellow movement was born. It has become an annual Tribune event. Other cities picked it up—and now it is national.

Tribune activities—and Tribune advertising—are effective because the Tribune gets close to the heart of Chicago.

It reaches as many people in Chicago and

suburbs as the seven top weekly national magazines combined! More than 6 times as many Chicagoans read the Tribune as turn on the average evening TV show.

That's why one of Chicago's department stores was able to sell more than \$45,000 worth of slip covers as a result of a single Tribune page. Why another page brought over 5,000 customers to Kroch's & Brentano's new book store on opening day. Why Brooks Brothers, using the Tribune exclusively, has more than doubled its business in seven years.

Advertisers bought the equivalent of more than 20,000 pages in the Tribune in 1957. Why not make the Tribune part of your plans for 1958?

THE TRIBUNE CAN DO ALMOST ANYTHING IN CHICAGO